

Xanterra Parks & Resorts | 2003 Sustainability Report



YELLOWSTONE NATIONAL PARK NORTH RIM OF THE GRAND CANYON NATIONAL PARK

SOUTH RIM OF THE GRAND CANYON BRYCE CANYON NATIONAL PARK ZION NATIONAL PARK

CRATER LAKE NATIONAL PARK DEATH VALLEY NATIONAL PARK PETRIFIED FOREST NATIONAL PARK

EVERGLADES NATIONAL PARK MOUNT RUSHMORE NATIONAL MONUMENT SILVERADO RESORT

GIDEON PUTNAM RESORT AND CONFERENCE CENTER FURNACE CREEK INN & RANCH RESORT

BURR OAK STATE PARK HUESTON WOODS STATE PARK MAUMEE BAY STATE PARK

MOHICAN STATE PARK PUNDERSON MANOR STATE PARK SHAWNEE STATE PARK

SALT FORK STATE PARK



Why publish a sustainability report?

Tourism is the largest industry on Earth, accounting for \$476 billion in revenue and employing tens-of-millions of individuals worldwide. Obviously, such a broad-reaching business can dramatically affect the environment – in both positive and negative ways. The purpose of this report is to raise the bar of environmental performance for Xanterra and the tourism industry and set standards that encourage other hospitality companies to improve their environmental performance.

More importantly, since businesses use a significant amount of the world's resources and produce much of the planet's waste, Xanterra believes that responsible companies should disclose their environmental impacts and work continuously to reduce those impacts each year. This report will serve as a mechanism to track and assess Xanterra's company-wide progress toward environmental goals.

What's inside?

This report tracks Xanterra's environmental performance and initiatives for calendar years 2000, 2001 and 2002, as well as 2003 programs. It provides an analysis of the company's resource consumption, emissions, waste management, recycling, pollution prevention and overall sustainability efforts. Xanterra's environmental impact is presented using comprehensive data collected from every aspect of its operations. The resulting report shows where resources are well managed, as well as where there is room for improvement. In future reports, Xanterra will tie the results of this report more specifically to the goals and targets of the EMS at each operation.

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MESSAGE FROM THE PRESIDENT & CEO



Andrew N. Todd
President & CEO

Growing up in a small town in Indiana, I spent much of my time playing sports and exploring the outdoors. That is where my personal love of nature began.

Now, I spend most of my free time cycling mountain roads and hiking the backcountry of Colorado. Over the years, I've realized how important it is to ensure that our natural environment is preserved for future generations.

Each year more than 17 million people from around the world visit the national parks, state parks and resorts in which we operate. As a concessioner, it is our responsibility to provide high quality guest service while preserving these natural treasures.

I believe the best way to keep our company moving toward sustainability is to track our environmental performance. This, our first sustainability report, serves as a benchmark outlining our environmental goals and accomplishments, as well as publicly disclosing our impact on the Earth and areas where we can still improve.

We have named our company's environmental management system "Ecologix." This name represents a logical integration of business and ecology. Our environmental management system is modeled on our belief that economic and ecological sustainability go hand-in-hand.

With this philosophy, our 8,000 employees know that it is part of their job to protect natural resources in numerous ways, such as conserving energy and water and reducing waste generation, without sacrificing guest service. Whether we provide comfortable rooms through efficient lighting and heating systems, operate a clean-burning transportation system or serve food that does not deplete ocean fisheries or harm ecosystems, I know that we can exceed guest expectations while maintaining environmental priorities.

I believe that our survival as a business depends upon the sustained health of the ecological systems in which we operate. Protection of the natural environment is not something separate from our business - it is our business.

Are we perfect? No. Will we ever be truly sustainable? Probably not. And while we've made progress in recent years, I realize there's much more to be done. Continuous improvement is a key principle of our company culture.

We look forward to continuing to work cooperatively with the National Park Service and other government agencies, communities, environmental groups, suppliers and visitors to set an example for the hospitality industry and reduce the impact of tourism on our Earth.

A handwritten signature in dark ink, appearing to read "Andrew N. Todd".

Andrew N. Todd
President & CEO

*“Plans to protect air and water,
wilderness, and wildlife are in fact
plans to protect man.”*

Stewart Udall, Interior Secretary, 1961-69

WHO WE ARE

Table for 17 Million, Please

When you're located in some of the most beautiful places on Earth, you need to expect a few guests – say 17 million each year, give or take a few. That's how many people visited the parks and resorts where Xanterra's lodges, restaurants and retail operations are located.

Xanterra Parks & Resorts, the country's largest park management company, and its 8,000 employees operate 33 hotels and lodges with more than 5,140 guest rooms, 51 retail stores, 64 restaurants and 1,800 campsites within national and state parks. In addition to managing national park properties at Yellowstone, North and South Rims of the Grand Canyon, Bryce Canyon, Zion, Crater Lake, Death Valley, Petrified Forest, Everglades and Mount Rushmore, the company also operates facilities at eight Ohio State Parks, the Gideon Putnam Resort and Conference Center in Saratoga Springs, NY and two privately-owned resorts, Furnace Creek in Death Valley and Silverado Resort in Napa, CA.





THE GLOBAL PERSPECTIVE

Knowing that one company's practices can have wider ramifications, Xanterra Parks & Resorts looks beyond its own properties to examine environmental problems facing the Earth as a whole. Xanterra is dedicated to:

- **Slowing global warming** – working to reduce emissions of pollutants and gases that can cause shifts in climate.
- **Preserving natural resources** – promoting improved resource efficiency and reduced energy and water use, as well as maximizing recycling.
- **Minimizing hazardous substances** – moving toward progressive and continuous reduction, leading to eventual phasing out of toxic materials and chemicals.
- **Protecting the natural environment** – taking measures to safeguard the biodiversity of the world's forests, deserts, mountains, wetlands and oceans.

OVERVIEW OF ENVIRONMENTAL IMPACT

Instead of making carburetors, semiconductors or other mass-produced components, Xanterra “manufactures” memorable experiences for guests. In the process of creating these memories, the company consumes resources. Xanterra’s business operations are relatively non-polluting when compared to many other industries, but, just like any other business, the tourism industry has an impact on the natural environment.

Accommodations, scenic tours, restaurants, conference services, retail outlets and transportation systems use energy of all types, including fossil fuels. Housekeepers and maintenance workers use chemicals to clean facilities. Golf courses and swimming pools drink up gallon after gallon of water. And nearly all of these operations generate solid waste, even some hazardous waste.

Additionally, the company’s consumption of these resources results in both on- and off-site emissions of pollutants into the air, including greenhouse gases (primarily carbon dioxide), nitrogen and sulfur oxides, carbon monoxide and particulate matter.



This report examines environmental impacts that Xanterra can manage directly (on-site), but Xanterra’s business activities also indirectly affect the environment. For example, electricity used to power Xanterra operations results in fossil fuel emissions at off-site power plants that may be located many miles away. In fact, more than 70 percent of all emissions mentioned in this report are these indirect emissions released off-site at public power plants, not inside a national or state park.

SUMMARY OF ENVIRONMENTAL PERFORMANCE

The Bumpy Road to Sustainability

Xanterra has created what may be the tourism industry's first Environmental Performance Metrics. The company's metrics are defined using annual totals of resource consumption, as well as totals per room night (resources consumed divided by the total number of lodging rooms occupied in one calendar year). The metrics focus on those areas that are most significant and measurable to a high level of accuracy.

The company's overall environmental performance is summarized by looking at annual trends of four metrics:

- Energy usage (includes electricity, natural gas, propane, fuel oil, gasoline, and diesel fuel)
- Primary greenhouse gas emissions (CO₂)
- Criteria air pollutant emissions (NO₂, SO₂, PM10, VOCs, and CO)
- Solid waste generation and recycling

Note: The methodology for the company's environmental performance metrics is explained in detail in the Pollution Prevention section.



Some of Xanterra's resource usage is decreasing, reflecting the company's goal to decrease overall resource consumption. While Xanterra has established environmental performance metrics (see page 15), it recognizes that its performance metrics are not perfect performance indicators, since numerous variables in addition to fluctuations in visitation determine the level of resource consumption. While this data is explained and analyzed in detail in later sections, here are a few 2000 to 2002 highlights:

- **Electricity usage is down, meaning fewer air emissions.** Total electricity usage decreased 5.3 percent, and usage per room night decreased 1.2 percent. Total BTUs increased 0.6 percent to 668 billion BTUs, and BTUs per room night increased 10.1 percent.
- **Propane and natural gas usage increased** as Xanterra has switched to these cleaner fuels from fuel oil and electricity. Total propane and natural gas usage increased an average of 16.5 percent, and usage per room night increased an average of 20.5 percent.
- **Total fuel oil usage decreased** 15.3 percent, and usage per room night decreased seven percent. Total diesel fuel usage decreased 4.3 percent, and gasoline usage remained flat.
- **Total greenhouse gas emissions (carbon dioxide) decreased** 3.7 percent, but emissions per room night increased 6.1 percent.
- **Sulfur and nitrogen oxides decreased** an average of 5.3 percent, and usage per room night decreased 1.2 percent.
- **Total solid waste generation increased** 2.9 percent, and waste generated per room night increased one percent. This is attributed primarily to better waste tracking systems.
- **At the same time, total recycled waste increased** 11.1 percent, and recycled waste per room night increased 19 percent.

As Xanterra tackles the challenges of reducing its environmental impact on the planet, the company realizes that sustainability is not an endpoint. Xanterra knows that it is a never-ending journey to minimize its impact on the Earth.

ENVIRONMENTAL POLICIES & MANAGEMENT

The Ecologix Environmental Management System

Xanterra Parks & Resorts' Environmental Management System (EMS) is named Ecologix, representing a logical integration of ecology and business. Through the vision of Ecologix, Xanterra is implementing initiatives to protect "the beautiful places on Earth" – the mountains, canyons, rivers and fragile ecosystems that surround the company's hotels, shops and restaurants. This system allows the company to identify and manage the environmental impact of all operations and facilities.

Ecologix strives to ensure:

- A framework for continual improvement of environmental performance
- Compliance with appropriate environmental health and safety regulations
- Incorporation of best management practices using pollution prevention and environmental sustainability strategies as core objectives
- Response to community and property environmental priorities

At each of Xanterra's properties, Ecologix keeps the goal of environmental sustainability at the center of all business decisions.

Xanterra's environmental management system governs the company's approach to:

- Pollution prevention
- Greenhouse gas and pollutant emissions
- Energy conservation and efficiency
- Transportation efficiency
- Waste reduction
- Recycling
- Pest management
- Environmentally preferable procurement
- Water conservation
- Communication and education
- Sustainable development
- Community outreach
- Wildlife protection
- Toxic chemical reduction



THE ECOLOGIX MISSION

"Our business decisions balance economic viability with ecological responsibility.

We reduce and recycle waste, conserve energy and water, and educate our guests and employees on environmental stewardship.

We believe that increasing the sustainability of natural systems is not just good business. It is the right thing to do."

ecologix

WHAT MAKES THE ECOLOGIX ENVIRONMENTAL MANAGEMENT SYSTEM UNIQUE

The Ecologix approach to environmental management systems melds elements from multiple programs and guidance documents to create a system that is ideally suited to Xanterra's one-of-a-kind properties. Ecologix goes beyond compliance, using pollution prevention and environmental sustainability strategies as core objectives in all areas of operations.

The model for all Xanterra environmental management systems begins with the ISO 14001 international standard. This globally recognized gold standard for environmental management was developed by a committee of international business and environmental leaders to improve companies' overall environmental performance and promote consistency in managing environmental objectives.

What makes Xanterra's Ecologix EMS unique is that, beyond mere compliance with environmental laws, Ecologix combines the Xanterra corporate vision with the ISO guidelines, plus the EPA Code of Environmental Management Principles and the Commission for Environmental Cooperation's 10 Elements of an Effective Environmental Management System. Xanterra also ensures that all areas that may have significant environmental impact are addressed, including those identified specifically by the National Park Service as best management practices. In doing so, Xanterra has created property-specific, comprehensive environmental management systems for the South and North Rim of the Grand Canyon, Crater Lake, Zion, Bryce Canyon and Mount Rushmore. ISO 14001 compliant EMSs for all Xanterra national park operations will be completed and implemented by the end of 2004.



Environmental Protection Agency

NATIONAL ENVIRONMENTAL PERFORMANCE TRACK PROGRAM

Recently, Xanterra was accepted into the Environmental Protection Agency's (EPA) National Environmental Performance Track program (NEPT) for Mount Rushmore and the South Rim of the Grand Canyon.

NEPT is a public/private program designed to recognize and encourage top environmental performers. Currently, the program has more than 300 members nationwide.

Performance Track facilities must implement high-quality environmental management systems and have a history of sustained compliance, commitment to continuous environmental improvement and community outreach programs. The program focuses on companies setting rigorous environmental goals and obtaining measurable results.

Specific results of Xanterra's NEPT programs will be highlighted in future reports.

Mount Rushmore was the only business in South Dakota selected.

Working Toward Executive Order Goals

Xanterra's goals include the best management practices outlined in the following federal Executive Orders (EO):

EO 13123, *Greening the Government Through Efficient Energy Management*, calls for:

- Reducing gross energy consumption from 1985 levels by 30 percent by 2005 and 35 percent by 2010
- Reducing greenhouse gas emissions from 1990 levels by 30 percent by 2010
- Expanding use of renewable energy and purchasing energy from renewable sources
- Installing water conservation equipment in the top 25 percent of its class, or 10 percent more efficient than DOE standards

EO 13101, *Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition*, mandates pollution prevention and environmentally preferable purchasing programs. This includes:

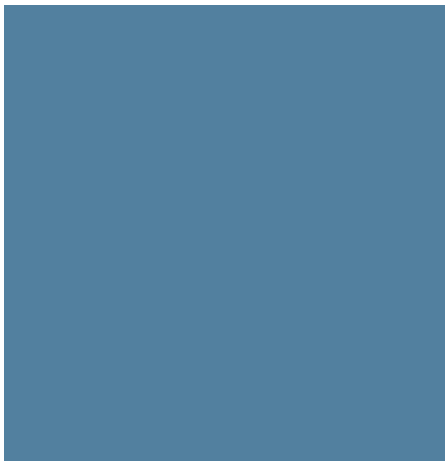
- Reducing use of hazardous substances
- Purchasing environmentally preferable products
- Recycling solid waste at the rate of 50 percent by 2010
- Reducing solid waste generation from 1997 volumes by 5 percent by 2002

EO 13148, *Greening Government through Leadership in Environmental Management*, requires:

- Implementing Environmental Management Systems at all facilities by December 31, 2005
- Phasing out the procurement of Class I ozone-depleting substances for all non-excepted uses by the end of 2010
- Reducing total releases of toxic chemicals to the environment by at least 10 percent annually, or 40 percent overall by December 31, 2006
- Reducing the use of EPCRA-regulated chemicals by at least 50 percent by the 2006

EO 13149, *Greening the Government Through Federal Fleet and Transportation Efficiency*, encourages concessioners to meet federal fleet fuel efficiency goals, minimize tailpipe emissions, use clean fuels and acquire clean-fuel vehicles. This includes:

- Reducing vehicle fleet's annual petroleum consumption by at least 20 percent by the end of 2005
- Meeting EPEAT alternative fuel vehicle affirmative procurement goals
- Increasing the average EPA fuel economy rating of passenger cars and light trucks acquired by at least 1 mpg by the end of 2002 and at least 3 mpg by the end of 2005



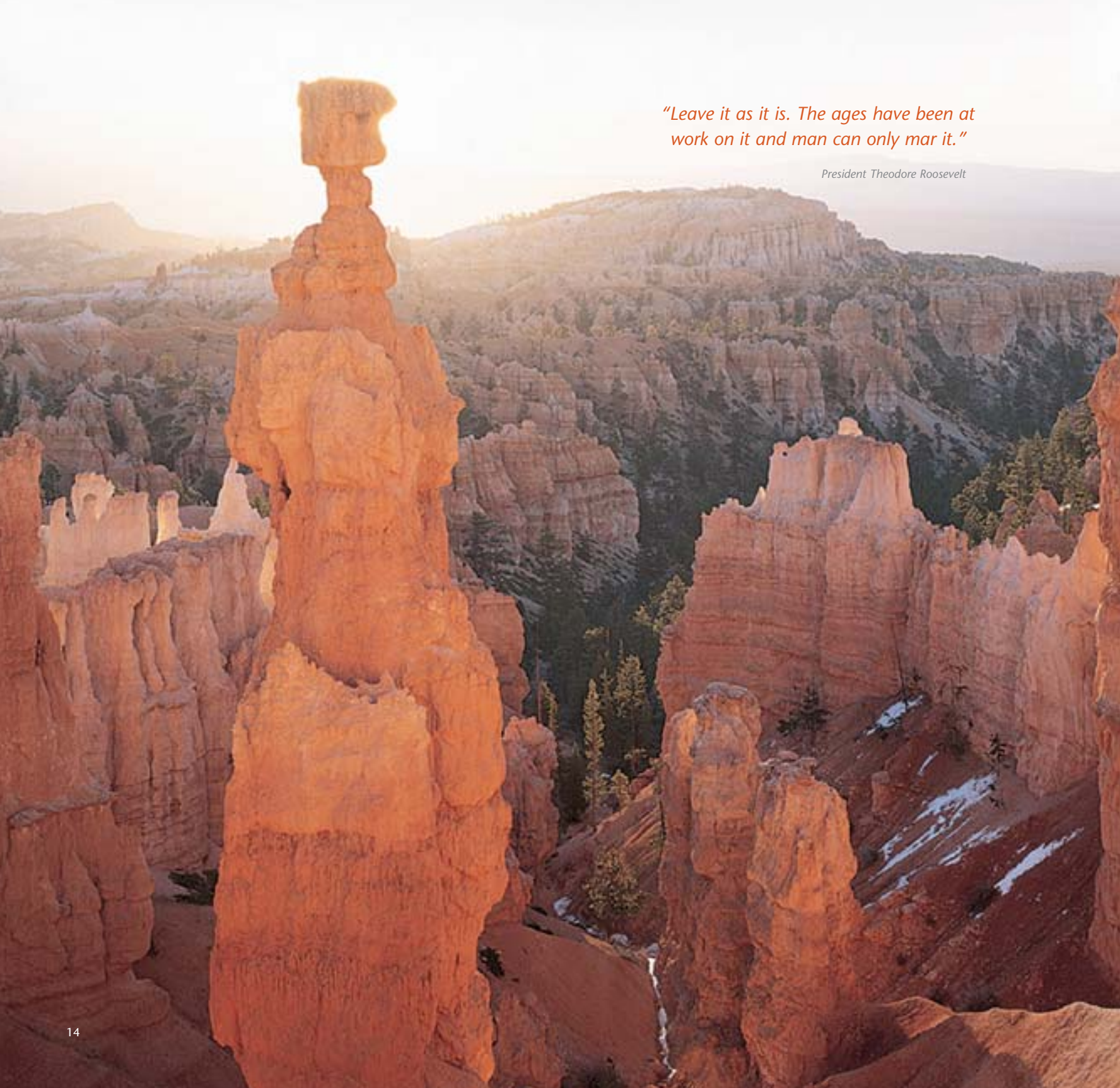


Verifying Commitment through Third Party ISO 14001 Certification

To ensure that the company's environmental management is effective and to provide independent proof of environmental performance to customers and stakeholders, Xanterra has committed to third party certification of its environmental management system.

In 2003, Mt. Rushmore was the company's first operation to undergo ISO 14001 certification of its EMS - an extremely rigorous third party audit by an accredited registrar. Xanterra's registrar, ABS Quality Evaluations Inc., has since audited and certified the company's EMS at Zion, Bryce Canyon and the North Rim of the Grand Canyon. This designation proves that Xanterra accepts accountability for environmental compliance and is deeply committed to the continual improvement of environmental performance. Other Xanterra operations are also in the process of undergoing the ISO 14001 certification process.

The ISO 14001 international standard requires exacting documentation of environmental risks and practices along with the implementation and understanding of environmental programs at all levels of the operation. The certification has been widely used in Europe and Japan for nearly a decade, but it is a relatively new process in the United States where only a small handful of tourism industry companies have undergone certification.



"Leave it as it is. The ages have been at work on it and man can only mar it."

President Theodore Roosevelt

POLLUTION PREVENTION

Pollution prevention serves as the foundation of all company environmental initiatives. For the purpose of this report though, pollution prevention focuses on reductions in energy consumption, primary greenhouse gas and pollutant emissions, and waste generation.



ENVIRONMENTAL PERFORMANCE METRICS

Xanterra has created what may be the tourism industry's first environmental performance metrics (EPMs). The company did this using two methodologies:

RAW DATA: TOTAL RESOURCE CONSUMPTION

Xanterra collected the annual total amount of resources consumed and waste generated in operations. This includes energy and fossil fuels, such as coal from electricity consumption at off-site power plants, as well as natural gas, propane, fuel oil, gasoline and diesel fuel used on site in operations. It also includes the amount of solid waste generated and recycled, along with waste diversion rates. (See "Waste Reduction" section for details.)

Xanterra then calculated the resulting emissions of carbon dioxide (CO₂) (the chief greenhouse gas), sulfur dioxide (SO₂), nitrogen dioxide (NO₂), matter at least ten microns in size (PM10), volatile organic compounds (VOCs) and carbon monoxide (CO).

Total resources consumed, associated emissions, waste generated and waste recycled combine to represent the company's total environmental footprint.

NORMALIZATION: RESOURCE CONSUMPTION PER UNIT OF PRODUCT

Next, Xanterra divided the raw data by annual room nights (the number of lodging rooms sold per year) to come up with a metric that defines overall environmental impact per unit of product (rooms). Xanterra recognizes that this performance metric is not a perfect performance indicator, since many factors determine the level of resource consumption.

EMISSIONS

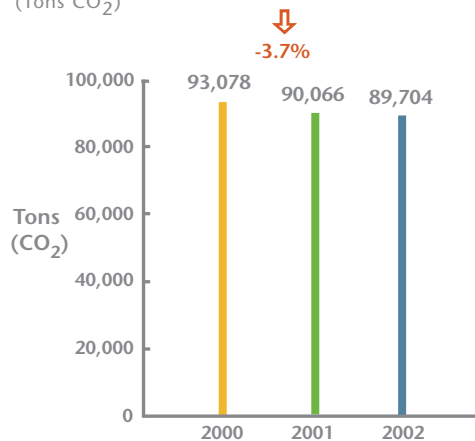
Xanterra's potential to emit key air pollutants falls well below regulatory thresholds, which means it is not subject to the requirements of the 1990 Clean Air Act Amendments. Still, Xanterra aggressively combats pollution emitted by vehicles, buildings and regional public power plants to help keep the vistas at national and state parks clear.

When Xanterra calculates its emissions, it includes all pollution produced by its operations – by vehicles, boilers and even kitchen ovens – as well as emissions triggered back at the power plant by a guest turning on a light. In fact, more than 70 percent of all emissions mentioned in this report are indirect, released by power plants located off-site, not by activity at a Xanterra operation.

Environmental Performance Metric

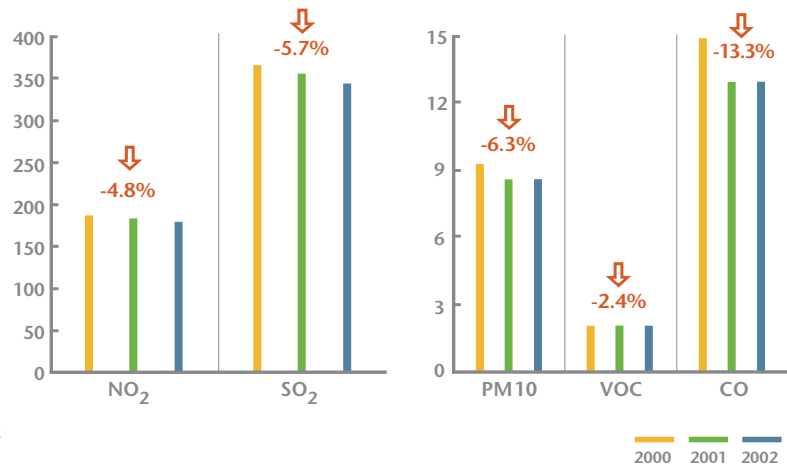
Total Greenhouse Gas Emissions

(Tons CO₂)



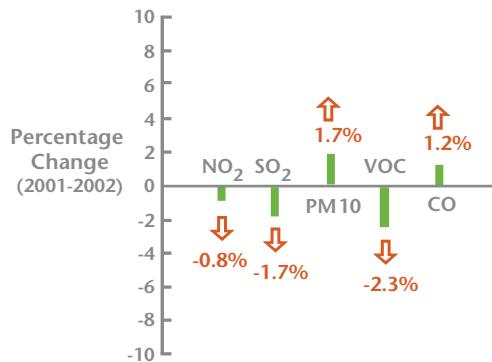
Total Air Pollutant Emissions

(Tons)



Air Pollutant Emissions per Room Night

(pounds per room night)



The 3.7 percent reduction in greenhouse gas emissions is attributed to a combination of fuel switching (from heating fuel oil to propane and from regular gasoline to Ethanol 10), conservation programs and efficiency upgrades such as lighting retrofits, and more efficient transportation technologies.

In the past three years, the number of room nights has decreased approximately 10 percent, due in part to the events of September 11. Xanterra's resource consumption did not necessarily decrease in proportion to occupancy rates. Retail, lodging and dining facilities still must remain open, and transportation and building systems must continue to run. Even so, increased efficiency and conservation slowed Xanterra's rate of carbon emissions per room night nearly five-fold. Sulfur and nitrogen oxide, as well as VOCs per room night all decreased over this period.

Emissions were calculated using the E.P.A.'s AP-42 method. All data is derived from fiscal year 2000 to 2002 utility bills from a combined electricity, natural gas, propane, gasoline, fuel oil, and diesel fuel. Greenhouse gas emissions resultant from landfill decomposition were not included.

Clean Fuel Switching



Many lodges across the country are heated with “dirty” fuel oil, producing byproducts of hydrocarbons, carbon monoxide, soot and carcinogenic particulates. At the Grand Canyon, Xanterra reduced these emissions nearly to zero by switching from fuel oil to propane fuel at 14 locations. The new boilers release literally 80 times less carbon monoxide and run at 83.3 percent efficiency, an increase of 23.3 percent from the old boilers. Additionally, these boiler retrofits have eliminated the hazards associated with fuel spills.

Environmental Performance Metric

Boiler Emissions

	<u>Old Technology Fuel Oil Boilers</u>	<u>New Technology Propane Boilers</u>
Carbon Monoxide	1,500 ppm	18 ppm
Nitrogen Oxides	2,500 ppm	57 ppm
Sulfur Dioxide	150 ppm	0 ppm

These amounts from the new propane boilers meet NPS Clean Air policy standards and are well below limits defined as healthy by the EPA and the American Conference of Governmental Industrial Hygienists.

Four-Stroke Snowmobiles and Boats



Recently, Xanterra purchased 76 four-stroke engine snowmobiles and 34 four-stroke engine boats to replace its entire rental fleet at Yellowstone and the Everglades. These vehicles use electronic fuel injection, reduce noise and emissions, and are 65 percent more fuel-efficient than machines with two-stroke engines.

This conversion has resulted in a total annual reduction in carbon dioxide and pollutant emissions of 52.8 tons from snowmobiles and boats. This not only helps preserve the pristine park environment, but also enhances the overall visitor experience by reducing noise.

Reduced Bus Emissions

In a move that has decreased visible emissions from in-park tour buses, Xanterra installed hydrous alcohol injectors on its fleet of 20 buses at the Grand Canyon. The fleet is powered by naturally aspirated diesel engines. Each motor coach travels an average of 20,000 miles per year. When tested by Des Moines area college experts, the retrofitted vehicles decreased visible smoke emissions by 66.4 percent and increased fuel economy by 19.7 percent. Stickers on the buses explain to guests the benefits of these vehicles.



Perc-Free Dry Cleaning

In the past, Xanterra recycled all the perchloroethylene (perc) from its Yellowstone dry cleaning operation – but inevitably – some perc waste was still generated. In order to eliminate this waste stream, Xanterra shut down dry cleaning operations altogether inside the park. The company also recycled the dry cleaning machine itself as scrap metal. All dry cleaning is now contracted through a third party.

Closed-loop Vehicle Maintenance

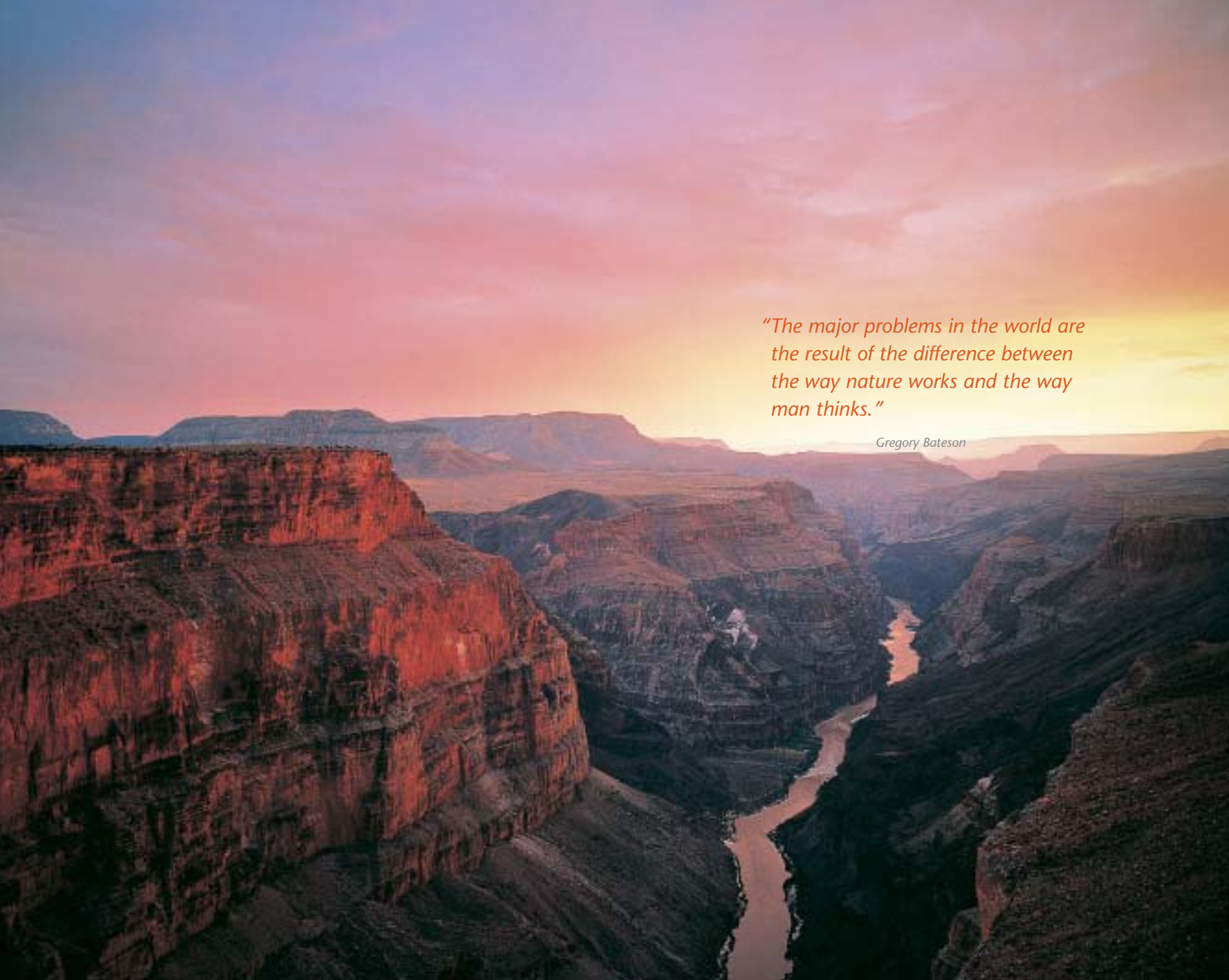
Xanterra's environmentally state-of-the-art vehicle maintenance operations go beyond compliance to integrate pollution prevention practices in the maintenance of hundreds of shuttles, cars, trucks, buses, snow coaches, snowmobiles, tractors and boats. At Yellowstone's Bridge Bay Marina, for example, bilge water from boats is recycled by putting it in an oil-water separator, then burned for heat recovery. Other environmental practices at Yellowstone include:

- Non-hazardous, aqueous-based solvents are used for parts washing and brake cleaning.
- More than 8,000 gallons of used oil is burned annually for heat recovery.
- Old truck tires are recapped.
- Non-aerosol, non-chlorinated and refillable spray bottles are used for brake and carburetor cleaning.

Many Xanterra facilities recycle all antifreeze on-site for repeated use. Xanterra also recycles all freon, spent paint solvents, car batteries, oil filters and scrap metal.

Alternative Fuels

Xanterra uses E10, a blend of 10 percent ethanol, to power its snowmobiles and snowcoaches. This reduces visible emissions by eight percent. Currently, Xanterra is assessing the use of a 20 percent blend of biodiesel (bio-based fuel derived from renewable soy) at some of its operations for heating buildings and fueling fleet vehicles.



"The major problems in the world are the result of the difference between the way nature works and the way man thinks."

Gregory Bateson

ENERGY

Xanterra began its efforts to conserve energy and improve guest comfort by conducting energy audits at fourteen properties. This helped determine how to most effectively boost building performance while saving energy. Since then, Xanterra has implemented numerous measures that reduce consumption of fossil fuels, further reduce emissions and enhance the guest experience.

Environmental Performance Metric

Total Energy Usage

	Electricity (kWh)	Propane (gallons)	Natural Gas (Therms)	Fuel Oil (gallons)	Gasoline (gallons)	Diesel Fuel (gallons)
2000	82,316,773	1,370,480	941,728	788,531	293,361	116,603
2001	80,013,415	1,541,077	943,105	686,626	284,939	109,560
2002	77,979,336	1,687,688	1,010,008	667,915	295,751	111,622

Total Energy Per Room Night

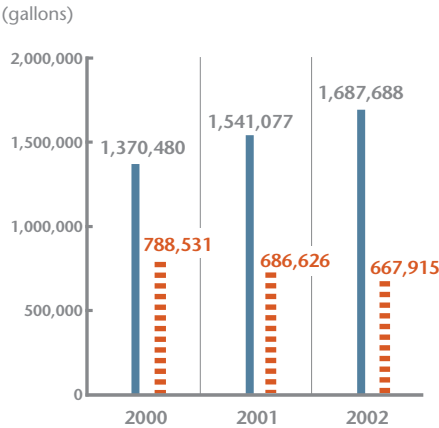
	Electricity (kWh)	Propane (gallons)	Natural Gas (Therms)	Fuel Oil (gallons)	Gasoline (gallons)	Diesel Fuel (gallons)
2000	74.79	1.25	0.86	0.72	0.27	0.11
2001	79.27	1.53	0.93	0.68	0.28	0.11
2002	78.43	1.70	1.02	0.67	0.30	0.11

Increases in cleaner burning propane and natural gas are attributed largely to technology retrofits that eliminated “dirty” fuel oil boilers for building heating, hot water and steam generation. This, in turn, resulted in reduced fuel oil usage over the three-year period.

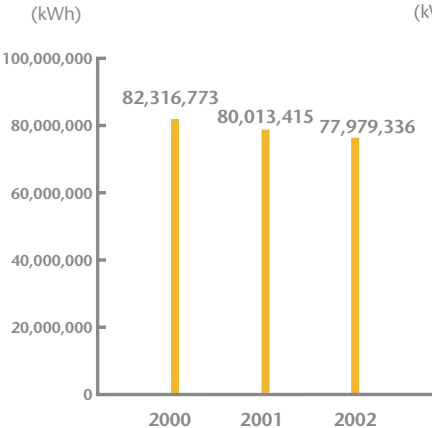
The company’s most significant resource reduction success is the 5.3 percent reduction in electricity consumption, due largely to the numerous conservation and efficiency programs implemented over this three-year period.

Environmental Performance Metric

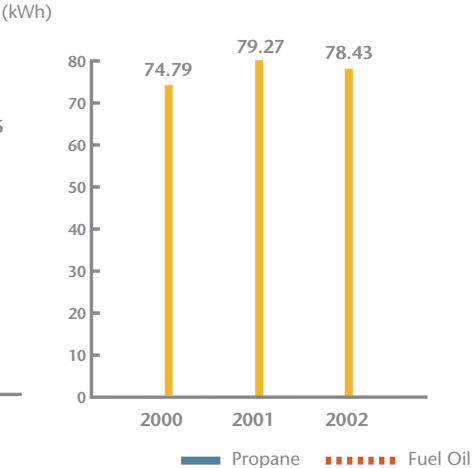
Propane vs. Fuel Oil



Total Electricity Usage



Total Electricity Usage Per Room Night





Lighting Retrofits

Retrofitting old incandescent bulbs with super-efficient compact fluorescent lamps (CFLs) is one of Xanterra's biggest energy-saving moves, diminishing electricity used in retrofitted fixtures by 70 percent while also reducing air conditioning loads (CFLs produce 50 percent less heat). In the past 18 months, more than 24,000 lamps have been retrofitted company-wide. These retrofits alone save approximately 1,620,000 kWh per year, not to mention \$186,400 in labor, lamp replacement and energy costs – a return on investment of 138 percent. This keeps 1,275 tons of CO₂, six tons of sulfur dioxide and three tons of nitrogen oxide out of the air annually.

Wind and Geothermal Renewable Energy

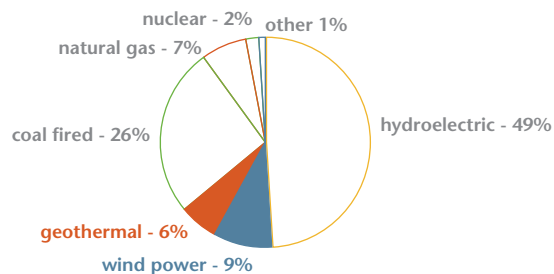
The environmental benefits of renewable wind and geothermal power are enormous. They reduce smog, acid rain and air pollution. Xanterra's target for 2003 is to power 10 percent of the total electricity used in an operation with renewable energy. Currently, 15 percent of the total electricity used by Xanterra's Crater Lake National Park operation and 10 percent of Xanterra's Zion National Park operation – 407,615 kWh per year – is powered by clean, inexhaustible wind and geothermal energy.

The company partners with Green Mountain Power and Pacific Power to purchase renewable energy that is produced at a wind farm at the Foote Creek Rim in southeastern Wyoming. The wind-generated electricity is fed to Xanterra operations through the same transmission grid that distributes power from traditional, polluting coal-fired power plants. Xanterra, one of the few national park concessioners to use these alternative energy sources, continues to help drive the development of wind resources.

By using wind power at Zion and Crater Lake, each year Xanterra prevents 570,650 pounds of carbon dioxide – the chief greenhouse gas – from reaching the atmosphere. This is equivalent to driving a car 611,400 fewer miles or planting 113 acres of trees.



Crater Lake National Park 2003 Energy Mix



Energy Management in Food Service

Food service operations typically account for 30 percent of a hotel's energy usage. At its 64 restaurants and 25 staff dining rooms, Xanterra serves more than 8 million meals per year to guests and employees. The company's new Energy Management in Food Service program identifies and corrects inefficiencies that operations might not have previously recognized.

Launched in fall 2002, the program consists of performing self-audits of food service operations, then training food service employees to be energy managers in their day-to-day work. Seemingly minor improvements in operations, such as cleaning dirty chiller coils, repairing leaky seals on freezers, removing burned-on carbon from stovetop burners and simply knowing when to turn equipment on and off, can save up to 20 percent in energy. A poster campaign and periodic self-auditing ensure the program's continual improvement.

Energy Management Controls

Efficient lighting is only one way to reduce energy consumption. Energy management controls – occupancy sensors, programmable thermostats and Energy Misers™ – can reduce consumption by up to 30 percent. At the South Rim of the Grand Canyon, for example, Xanterra installed 247 occupancy-sensing, digitally-programmable thermostats. This resulted in a 10 to 20 percent energy savings, while increasing comfort by giving guests better control over room temperature. At Yellowstone, Energy Miser controls shut down 28 vending machines when not in use, saving up to 30 percent in refrigeration costs per machine.



Energy Conservation at 128 Degrees

At Death Valley, where temperatures can reach 128 degrees Fahrenheit, air conditioning is a high percentage of energy usage. By partnering with Southern California Edison and General Electric, Xanterra:

- Increased HVAC efficiency with chillers that cool water before it goes into the air conditioning system
- Installed 60 of the EPA's highest efficiency-rated Energy Star PTAK window units
- Retrofitted nearly 1,300 incandescent light bulbs (which act like miniature heaters and increase air conditioning loads) with efficient, cool temperature CFLs
- Strategically shut down targeted areas during low visitation periods

These measures have reduced carbon dioxide emissions at Death Valley by 90 tons per year.

Linen Reuse

During peak season Xanterra cleans more than 5,000 hotel rooms each day. One of the most effective ways to save energy and water is to reduce the number of sheets and towels washed. Xanterra's linen reuse program is a key to such savings. Unlike many hotels where linens are changed daily, Xanterra washes linens only every three days, unless guests request a more frequent change. This saves approximately 10 percent of the energy and water used in laundering.



EPA Energy Star Partner

In 2001, the Grand Canyon South Rim operation became an EPA Energy Star Partner. Through this program, Xanterra committed to make continuous improvements in energy performance. With the help of a technical advisor and tools offered under the Energy Star program, the company has measured, tracked and benchmarked its energy performance. Despite an increase in visitation at the South Rim of the Grand Canyon from 2001 to 2002, total electricity consumption actually decreased 1.6 percent, and total greenhouse gas emissions decreased 2.4 percent. Electricity consumption per room night decreased 0.5 percent.

TRANSPORTATION

More than 250 million combustion engine vehicles in the U.S. emit vast amounts of air pollution, are noisy, and require plenty of maintenance – which generates even more pollutants. Xanterra operates a fleet of several hundred buses, cars, trucks, snowmobiles, boats, snow coaches, shuttles and other vehicles.

Environmental Performance Metric

Total Transportation Fuel Usage			Transportation Usage Per Room Night		
(1,000 gallons)			(gallons)		
	Gasoline	Diesel		Gasoline	Diesel
2000	293.4	116.6	2000	0.27	0.11
2001	284.9	109.5	2001	0.28	0.11
2002	295.7	111.6	2002	0.30	0.11

In 2002, Xanterra’s vehicles consumed 407,300 gallons of gasoline and diesel fuel. Reducing this consumption cuts both emissions and costs. Overall and per room night, gasoline consumption in operations remained relatively flat from 2000 to 2002, while diesel consumption diminished 4.3 percent.

With a company goal to reduce vehicle fuel consumption and associated emissions, Xanterra seeks out the most fuel-efficient and functional vehicles possible. Using the Department of Energy’s Fuel Economy website, the company has formulated a policy mandating selection of the most fuel-efficient vehicles in their class. Xanterra’s policy also suggests the use of electric vehicles (EVs) for guest transportation, maintenance and security. This is in addition to purchasing hybrid electric vehicles, retrofitting buses with hydrous alcohol injection systems, and switching to four-stroke snowmobile and boat engines.

Hybrid Electric Vehicles



In addition to 11 Toyota Echos that get more than 40 miles per gallon, Xanterra’s fleet of vehicles includes two Toyota hybrid electric Priuses. The Prius is the first mass-produced, hybrid gasoline-electric vehicle in the world. It uses two sources of power – electricity from batteries and mechanical power from a small internal combustion engine. The Prius gets 52 miles per gallon (city) and performs as well as or better than any comparable, five-passenger gasoline-powered car. The Prius’ motor and brakes both act as generators to recharge the battery, so it never has to be plugged in for recharging.

The Prius reduces regulated tailpipe emissions (sulfur and nitrogen oxides, particulates, carbon monoxide and ozone) by up to 90 percent and greenhouse gas emissions by 50 percent compared to the average vehicle on the road today.

Zero-Emission Vehicles



At Death Valley, the company added 12 zero-emission Ford TH!NK vehicles to its fleet through a partnership with the National Park Foundation and Ford Motor Company. With a range of 30 miles per charge, the vehicles reduce on-site air pollution and noise. Company-wide, Xanterra now has 52 electric vehicles in use – a 30 percent increase over last year.

WATER

Conserving Water in a Desert

It is standard practice that nearly all Xanterra guest rooms are equipped with water efficient fixtures: showers use between 1.5 and 2 gallons per minute, all new toilets consume only 1.6 gallons per flush, and faucet aerators decrease flow to between 0.5 and 1 gallon per minute.

The South Rim of the Grand Canyon and Zion National Park are desert environments and have recently been hit by droughts. To save water at Zion, the company reduced irrigation of landscaped areas, resulting in water savings of more than 9 million gallons in one season.

At the South Rim, potable water comes to the property via a 17-mile pipeline from the North Rim, requiring pumping for the last 3,000 feet of its vertical ascent. Xanterra has found numerous ways to reduce its use of this precious resource.

The linen reuse program, where towels and sheets are only laundered every three days, has an estimated 75 to 90 percent participation rate, saving at least 90,000 gallons of water each year. Additionally, at the Grand Canyon Xanterra uses around 60,000 gallons of reclaimed water for nonpotable purposes in its kennels, employee bathrooms and landscape irrigation. As a result, water usage in 2002 dropped by 3.5 percent over 2001, continuing a two-year downward trend.

Waterless urinals at public restrooms in three lodges save approximately 150,000 gallons of water per year.

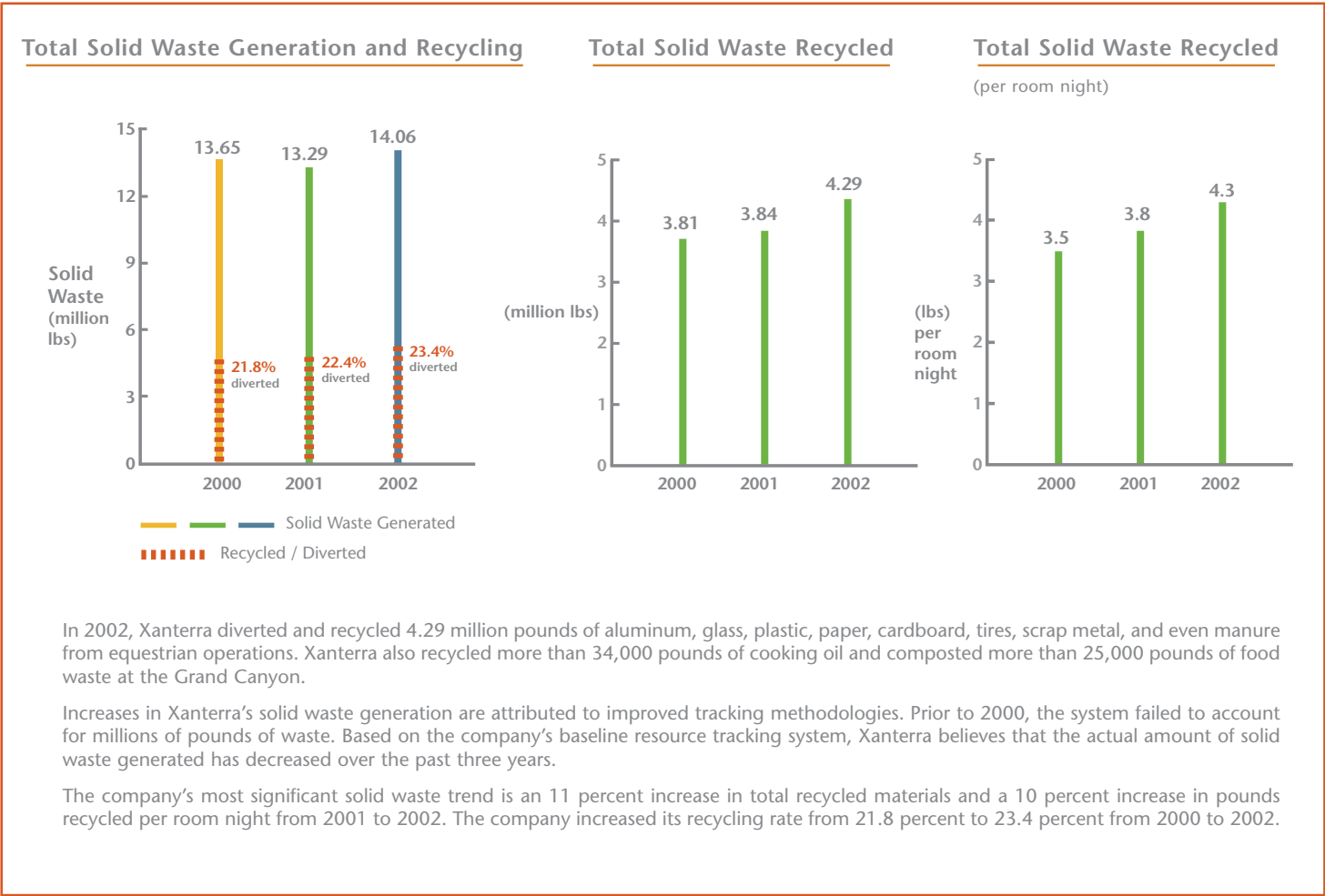
Water Use in Laundry Systems

Two of the company's largest laundry facilities are located at the Grand Canyon and Yellowstone. They wash a combined 4.6 million pounds each year. At Yellowstone's laundry facility, installation of a Milnor batch tunnel washer equipped with a water reuse system has resulted in water conservation of 3,500 gallons daily. At the Grand Canyon laundry, Xanterra installed a water reuse system that saves approximately 160,000 gallons per year.

WASTE

Waste reduction through prevention, reuse, and recycling is integral to Xanterra’s daily operations – from purchasing decisions to trash pickup. Reducing waste by not generating it in the first place is the company’s primary strategy.

Environmental Performance Metric



Waste generation and recycling are based upon hauling receipts. Standard waste industry metrics were used for volume and weight conversions.

Vermiculture Tackles Food Waste in Ohio

At Shawnee State Park in Ohio, worms help Xanterra reduce waste. The company purchased 1,000 baby red worms to start a worm farm program to turn food waste into compost. The worms consume about one pound of coffee grounds each day. In the summer, Shawnee throws away approximately 300 pounds of food each day. In time, a larger vermiculture program may turn all of this “delicious” waste into compost.



Green Ketchup

Company-wide, Xanterra reduces waste and prevents pollution by buying products that use less packaging. For example, one hundred 1.5-gallon bulk ketchup dispensers help diminish both cost and waste in restaurants, saving more than 40,000 ketchup packets each time all of the dispensers are used.

Reducing Waste by Not Creating It

Xanterra gift shops re-use cardboard boxes and packing materials whenever possible for mail orders and deliveries. Styrofoam packing popcorn has been replaced with shredded paper. Laundry bins are constructed of post-consumer plastic products. Worn terry cloth is re-used as cleaning towels. Bulk liquid soap dispensers are used in campground restrooms.

All Styrofoam drinking cups – even those made with non-CFC Styrofoam – have been replaced with more environmentally-sensitive paper products. Sysco Earth Plus® toilet tissue, towels and facial tissue used in many guest rooms, campgrounds and RV parks are made of 100 percent post-consumer content, unbleached and chlorine free.

Environmental Performance Metric

Yellowstone and Grand Canyon Recycling

	Recycled (lbs)	Rate Change from '96
1996	878,000	N/A
1997	1,103,000	20.4
1998	1,135,000	22.6
1999	1,220,000	28.0
2000	1,365,000	35.6
2001	1,210,000	27.4
2002	1,430,000	42.8



Decreasing Paper Use

In 2001, the use of non-recyclable paper was completely eliminated. In 2002, in a company-wide effort to buy more environmentally-preferable products, Xanterra began printing all marketing materials – menus, guest service directories, telephone listings, brochures, rack cards, rate sheets, maps and interpretive materials – on 100 percent recycled, 50 percent post-consumer content New Leaf paper.

These moves required one-third less wood in the manufacturing process, according to EPA formulas. These policies also help to create a market for recycled paper by showing suppliers that it pays to care about the environment.

In the last two years, Xanterra has reduced its newsletter printing by 87 percent, from 15,000 copies to 2,000, converting to an electronic distribution system, thereby “wasting” only electrons.

The in-house print shop at Yellowstone, which prints more than 4.1 million pieces a year, uses 100 percent soy based inks (which make paper recycling much easier) and post-consumer content paper. A low VOC (volatile organic compound) press wash consisting of 97 percent water makes the ink water-washable and dramatically lowers the amount of VOCs in the print shop.



NEW LEAF
PAPER



Remote Composting

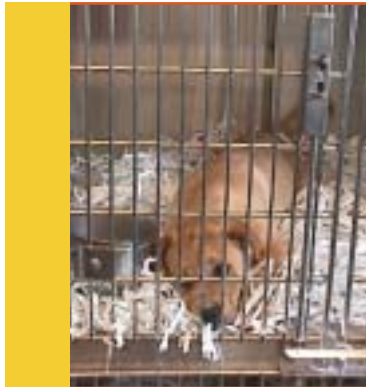
Phantom Ranch, a rustic, cabin-style lodge 5,000 feet below the Grand Canyon, is accessed only by hiking eight miles on foot or mule. Historically, all trash had to be frozen, then packed out and sent to a landfill. Now, more than 25,000 pounds of biodegradable waste are diverted from the solid waste stream each year by composting on site. The compost is donated to the NPS for revegetation projects around the Grand Canyon and is used for many landscaping projects around the Ranch. Phantom Ranch also relies on its mule team to carry out aluminum, cardboard, glass and plastic recyclables.

“Earth provides enough to satisfy every man’s need, but not every man’s greed.”

Mohattma K. Gandhi quoted in EF Schumacher, Small is Beautiful.

Death Valley Sustainability Committee

Representatives from Xanterra, the National Park Service and Department of Defense teamed up to form the Death Valley Sustainability Committee and recycle more than 582,000 pounds of solid waste, diverting it from the local landfill. This prevented more than 1,000 cubic yards of material from ending up in the landfill and saved more than \$6,000 in landfill fees. Xanterra and its team members were recognized by the Department of Interior for these unprecedented first year results.



Recycling Goes to the Dogs at Mount Rushmore

How do you recycle when you’re in an extremely remote location? The staff at Mount Rushmore found a creative solution by shredding roughly 20,000 pounds of office paper per year for donation to the Humane Society and the nearby Bear Country USA attraction, for use as bedding for bear cubs and dogs. This decreases the total waste stream at Mount Rushmore by close to 20 percent. In addition Mt. Rushmore recycled 22.5 tons of cardboard in 2002.

Recycled & Recyclable Carpets

Public landfills receive more than 400 million tons of slow-to-decompose carpet each year. At the Grand Canyon and at Mount Rushmore, Xanterra installed more than 2,000 cubic yards of Patcraft Trek recycled carpet, which is manufactured with 25 percent post-consumer content and also is fully recyclable. At the end of the carpet’s useful life, it is simply sent back to the manufacturer to be recycled.

HAZARDOUS WASTE

Environmental Performance Metric

Total Hazardous and Universal Waste Recycled					
	Solvents (gallons)	Used Oil (gallons)	Batteries (no. batteries)	Fluorescent Lamps (no. lamps)	Mercury Switches (no. switches)
2001	709	5,867	26,611	4,106	3,034
2002	3,198	4,970	43,250	3,567	4,928

One of Xanterra's top waste management priorities is to eliminate hazardous and universal waste from the company's waste stream. When this is not possible, the company's goal is to recycle as much as possible. Since 2001, the company has boosted recycling numbers while reducing waste generation. Since the company just began tracking this data company-wide in 2001, there are no figures for 2000.

In the last two years, Xanterra:

- Nearly doubled its used battery recycling from 26,611 batteries to 43,250 batteries
- Switched to purchasing Phillips Alto Green Tips fluorescent lamps, the most efficient and lowest mercury-containing lamps on the market
- Recycled approximately 7,660 fluorescent lamps and 7,900 mercury switches
- Recycled or burned more than 10,000 gallons of used oil



Toxic Chemical Reduction

At Yellowstone and Mount Rushmore, Xanterra developed a program to reduce the entry of toxic chemicals into the Park. The Chemical Review Committee, a cross-functional team of employees, ensures that chemicals undergo a rigorous environmental review before purchase. This internal agency examines new and existing chemicals for personal protective equipment requirements, hazard identification, toxicological information, disposal consideration, regulatory information and purchasing policies defined under the Environmentally Preferable Procurement program.



DESIGN AND CONSTRUCTION

Green buildings pollute less than normal buildings, are less expensive to operate, and are safe, healthy and comfortable. Xanterra's Guidelines for Environmentally Sustainable Design and Construction, which incorporates components of the AIA's Guiding Principles for Sustainable Design, ensures that new construction of buildings will be as environmentally sensitive as possible. As a member of the U.S. Green Building Council (USGBC), Xanterra uses the Leadership in Energy and Environmental Design (LEED) program criteria as a guideline for many of its construction projects. The USGBC, a coalition of leading organizations from the building industry, established the LEED rating system to certify buildings as "green," based on a credit system of "green" measures implemented. These measures exceed EPA Energy Star and other FEMP-designated energy efficiency levels.

Currently, Xanterra, in partnership with the National Park Service at Yellowstone, is pursuing LEED certification in the development of an employee housing project in Gardiner, Montana. A LEED accredited green architect and project team have been assembled; integrated design charettes and scoping meetings have been held; and the LEED criteria selection process has begun. This project is registered with the USGBC and is on track to reach a LEED Silver Certification in the Spring of 2004.

BUILDINGS USE:

- 65% of the total electricity in the U.S.
- 36% of the total primary energy in the U.S.
- 12% of potable water in the U.S.
- 40% of raw materials around the world

THEY PRODUCE:

- 30% of the total greenhouse gas emissions in the U.S.
- 136 million tons of construction and demolition waste in the U.S.



PROCUREMENT

Each year Xanterra purchases a vast number of goods and services. The manufacture, distribution, use and disposal of these products can have a profound impact on the environment.

Xanterra's Environmentally Preferable Procurement (EPP) program guides staff members in making purchases that are better for the environment without sacrificing quality. These products may: contain recycled materials, be more recyclable, be less toxic or more biodegradable, have less packaging, cost less to transport, perform better, be more durable or use less energy, or consume fewer natural resources over their useful life.

The company has developed a formal process to determine whether an item meets stringent EPP criteria and aggressively seeks out EPP products to replace existing inventory. The company's EPP strategy aims to save energy, reduce the volume and toxicity of materials and waste, reduce material disposal costs, and procure better quality products. Xanterra also seeks suppliers whose environmental values and commitment are well established.



Organic Fair Trade Coffee

After oil, the second largest commodity on Earth is coffee. Xanterra serves thousands of pounds of coffee each year. Coffee farming often destroys rainforests and wildlife habitats, pollutes water and exploits local farmers. Xanterra offers Green Mountain Coffee Roasters, Inc., certified organic, Fair Trade™ coffee at its Everglades, Zion, Bryce Canyon, Grand Canyon, Crater Lake and Yellowstone National Park restaurants.

These organic coffee beans are grown without pesticides and are harvested in a way that supports wildlife and migratory bird habitats, using a shade growing method that requires only partial cutting of the rainforest. The Fair Trade certificate means that it is purchased from local farmers at a fair price. Known as the most environmentally-focused coffee supplier of its kind, Green Mountain Coffee Roasters, Inc. also donates five percent of all earnings from Xanterra sales to environmental causes.



Sustainable Fish

The survival of many fish species is threatened by over-fishing. Other species are caught or farmed in ways that damage the environment. Each year, Xanterra guests eat approximately 250,000 pounds of fish. In 2001, the company established a sustainable fisheries policy based on the Monterey Bay Aquarium Seafood Watch protocol. This policy bans certain fish species from Xanterra menus including shark, Chilean sea bass, Atlantic swordfish and blue fin tuna.

In 2002, Xanterra amended its policy to recommend wild Alaskan salmon instead of farmed salmon. Wild Alaskan salmon are one of only a few fisheries in the world certified by the Marine Stewardship Council as sustainable. Due to over-fishing and pollution, Atlantic salmon are now extinct in 84 percent of U.S. rivers. Their replacement farmed salmon is now a significant threat to the restoration of wild salmon and is widely served in restaurants. Most farmed salmon are raised in net pens, like cattle in a feed lot. These farmed fish pollute ocean water, transmit diseases to wild populations, dilute the gene pool and are often laden with PCBs and antibiotics. To ensure the healthiest and most sustainable cuisine, Xanterra has certified its wild Alaskan salmon supply chain through the Marine Stewardship Council.



Conservation Beef and Sustainable Pork

At Yellowstone, Xanterra serves Conservation Beef steak burgers and Niman Ranch pork. Conservation Beef, endorsed by the Nature Conservancy, comes from free-range Montana cattle raised without added hormones or antibiotics. Conservation Beef supports ranching families dedicated to preserving the integrity of wildlife habitats. The Niman Ranch pork is raised using a strict protocol devised by the Animal Welfare Institute. Pigs are ethically treated, fed natural foods, never given growth hormones or antibiotics, and are raised on land that is cared for as a sustainable resource.

XANTERRA'S SHOPPING LIST OF ENVIRONMENTALLY PREFERABLE PRODUCTS

Xanterra's list of environmentally preferable products increases each year. Some sustainable products at Xanterra properties currently purchased include:

- ✓ Maintenance materials, such as 30% post-consumer recycled garbage bags
- ✓ Clasp envelopes, note pads, copy paper and pencils with as much as 100% post-consumer recycled content
- ✓ Paper plates, bowls and napkins with 95% or more reclaimed fiber
- ✓ Remanufactured toner cartridges
- ✓ Facial and bath tissue made from 35% pre-consumer fiber waste or 100% recycled fiber content
- ✓ Clothing and blankets offered for sale in retail stores with up to 100% recycled fibers
- ✓ Energy Star-approved computers that turn off when not in use for an extended period of time
- ✓ Non-caustic Ecolab cleaning products

COMMUNICATION AND EDUCATION

Complying with regulations and instituting environmental management programs can only move a company so far toward sustainability. Xanterra believes that each of its more than 8,000 employees needs to be a part of a culture of environmental protection for programs to succeed. In addition, Xanterra reaches out to guests and encourages them to become part of the solution.

Recruiting “Green” Employees

The company’s Ecogix environmental video is used to help recruit employees who share the company’s environmental ethic, and who will work with Xanterra to make the environment a top priority, no matter the staff member’s role. This eight-minute video, shown during recruitment and orientation, communicates Xanterra’s environmental vision, goals and initiatives. It shows that protecting the environment is not just something the company does – it’s central to its corporate identity.

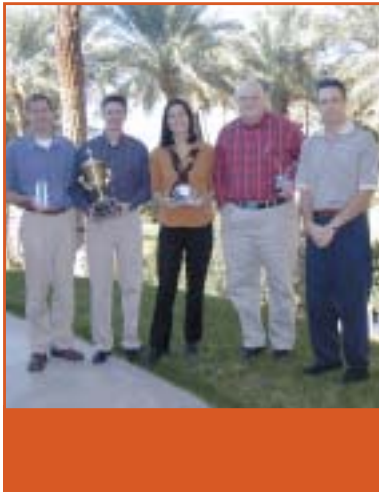
Internal Communication

The video is just one element in the environmental orientation provided for all new hires. The company-wide Ecogix Green Letter, along with a quarterly corporate employee newsletter and property-specific newsletters, all highlight environmental initiatives. The Ecogix Environmental Network, an intra-company email group of general managers, environmental managers and engineers, addresses more technical environmental issues and concerns as they surface.

Training Staff to Serve as Environmental Stewards

Training Xanterra staff members is key to protecting natural resources such as the waters of the Colorado River that flow through the Grand Canyon, the diverse ecosystems of Yellowstone and the Black Hills of Mount Rushmore. Environmental training is an important component of every employee’s overall orientation and ongoing development as a Xanterra representative.

New employee orientation and departmental training focus on all aspects of caring for the park environment to ensure that employees understand their responsibility to serve as good stewards of park lands. All staff development programs, from new employee orientation to management training, emphasize job-specific environmental and safety responsibilities, roles in achieving Environmental Management System objectives, and responsibilities for continual improvement in sustainability programs.



Ecologix Award

Since continuous improvement is a cornerstone of Xanterra operations, the company has made improved environmental performance a yardstick in evaluations, along with other important measurements of operational effectiveness and quality.

Launched in 2002, the Xanterra Ecologix Award for Superior Environmental Performance is presented annually to one Xanterra operation in recognition of environmental practices that go beyond compliance and make outstanding contributions to the environment.

In 2002, Yellowstone National Park was recognized as the winner for:

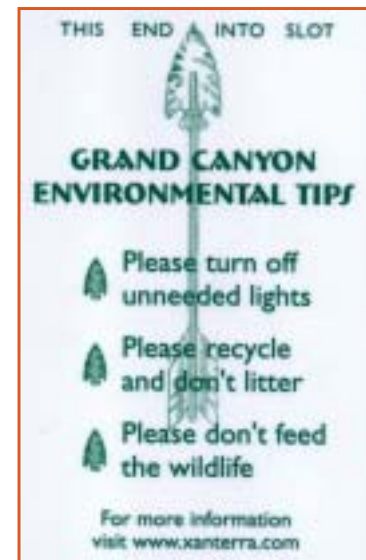
- Saving energy through lighting retrofits and technology upgrades
- Recycling 1.9 million pounds – including almost all hazardous waste - in the last three years
- Reducing toxic chemical usage
- Switching to cleaner four-stroke snowmobiles and boats
- Partnering with regional clean fuel coalitions

Guest Education

By raising the awareness of guests, Xanterra allows them to join their hosts in helping to protect the environment. Interpretive signage is one of the most effective ways to communicate with guests, but the company goes well beyond that.

Each Xanterra property reaches out to guests in different ways, including:

- Guest service directories highlight topics including recycling and water conservation.
- A green housekeeping program allows guests to indicate if they wish to help save water by reusing linens and towels.
- Xanterra's merchandise bags educate guests about recycling and ask them to do their part.
- Restaurant table tents give dining guests a chance to read about what Xanterra is doing to protect national and state parks, and many of Xanterra's menus explain sustainable cuisine choices.
- Room key cards ask guests to help save energy and water.



COMMUNITY OUTREACH AND PARTNERSHIPS

Many Xanterra properties have initiated community outreach programs such as litter pickups, charity committees, blood drives, adopt-a-highway and river programs, and fundraising events. In addition, Xanterra's larger, company-wide programs include:



Supporting the National Park Foundation

In only a few years, Xanterra raised more than \$360,000 from lodge guests to fund improvements throughout the national park system. A cooperative venture of Xanterra, the National Park Service and the National Park Foundation, the voluntary donation program collects \$1 per room per night from participating guests staying in the lodges at Yellowstone, Grand Canyon, Crater Lake, Bryce Canyon and Zion National Parks. The money raised has been used for a variety of projects including the enhancement of public education programs, support of wildlife and fisheries, and upkeep of trails and backcountry cabins.

This program has served as a catalyst for activism among both guests and employees who advocate for the donation program.

Protecting Condors

Just a few decades ago, the magnificent California condor was on the brink of extinction. Recently, condors have been raised in captivity, and a few dozen have been released into the wild at the South Rim of the Grand Canyon. Xanterra, in partnership with the Peregrine Fund, the National Park Foundation and the National Park Service, developed a t-shirt that explains the plight of the condor and its reintroduction to the Grand Canyon. For each shirt it sells, Xanterra donates \$1 to the Peregrine Fund and the National Park Foundation to provide ongoing research on and protection of condors.



Earth Share

Employees Embracing Global Efforts through Earth Share

Recently, Xanterra and its employees have begun participating in the Earth Share program, donating money from their paychecks to a nationwide network of America's leading non-profit environmental and conservation organizations. Through Earth Share, Xanterra gives its environmentally-conscious employees yet another way to help organizations around the globe actively safeguard the environment, combat global warming, preserve ancient forests, protect water from toxic contaminants and save endangered species. Located around the world, these organizations help protect and preserve air, water, land and wildlife. Earth Share has affiliates in 19 states, representing more than 450 community and state environmental organizations in addition to national groups.

Partners

Through ongoing, evolving partnerships with external and internal stakeholders, Xanterra is better able to serve guests while protecting its properties' natural surroundings. Active alliances with the stakeholders listed below help Xanterra move closer to realizing its goal of sustainability.

National Park Service
Department of Interior
Ohio Department of Natural Resources
New York State Parks
EPA Energy Star Program
EPA Waste Wise Program
EPA National Environmental Performance Track
Florida Department of Environmental Quality Clean Marina Program
National Park Foundation
Friends of Yellowstone
Greater Yellowstone Clean Cities Coalition
U.S. Green Building Council
Utah Power Blue Sky Wind Power
PacifiCorp Wind and Geothermal Power
Renewable Northwest Project
Climate Solutions
Northwest Energy Coalition
Earth Share
EcoPartners
Colorado, Utah, Arizona Coalition of Clean Energy Technologies
Marine Stewardship Council
Chef's Collaborative
Seafood Watch
Green Hotels Association

COMPLIANCE

The tourism industry is regulated by the same local state and federal environmental laws that govern all companies, but as a park concessioner, Xanterra also complies with National Park Service and Department of Interior regulations, policies and guidance. In 2002, Xanterra was in compliance with major state and federal environmental laws.

Compliance 2001-2002	Number of Monetary Penalties
Clean Air Act	0
Clean Water Act	0
Resource Conservation and Recovery Act	0
CERCLA	0
Toxic Substances Control Act	0
Safe Drinking Water Act	0
Superfund Amendments and Reauthorization Act (SARA Title III)	0
Department of Transportation	0
State Water/UST Regulations	0
State Air Regulations	0
State Hazardous/Solid Waste Regulations	0
Wastewater Exceedances	0
<p>Currently, Xanterra is not fluoridating potable water at Death Valley as called for by the state of California Clean Water Act. The state has given the National Park Service and the company a five-year period in which to remedy this with their joint water system. Some current studies question the direct benefits of fluoridation, especially in this particular case, where there exists continuous flowing spring water.</p> <p>Xanterra completed new state of California-mandated upgrades to two of its Death Valley USTs in 2003.</p> <p>This report does not address federal or state OSHA safety compliance.</p>	



National Park Service Concessions Environmental Management Program

In 1999, the Concession Environmental Management Program (CoEMP) was established to provide assistance that advances the environmental performance of businesses offering visitor services in National Parks. The CoEMP administers a national Concession Environmental Audit System (CEAS) to proactively assess compliance, identify and promote opportunities to implement best management and sustainable environmental practices, and provide on-site environmental education to concessioners. Audit criteria are divided into 22 environmental topic areas, including:

- Air Quality Management
- Antifreeze Management
- CFC and Halon Management
- Emergency Planning and Reporting
- Energy and Water Conservation
- Environmental Management Systems
- Fuel Storage Tanks
- Green Procurement
- Hazard Communication (HAZCOM)
- Hazardous Material Storage
- Hazardous Waste Management
- Laboratory Chemical and Waste Management
- Maintenance Waste Management
- Used Oil Management
- Paint and Solvent Management
- Pesticide Management
- Respiratory Protection
- Solid Waste Management
- SPCC Planning
- Storm Water Management
- Universal Waste Management
- Wastewater Management

Audit results and recommendations are divided into three priority categories::

Priority 1: Those that threaten immediate harm to human health or the environment

Priority 2: Regulatory issues without potential to harm the environment or people (such as a mislabeled waste container or inadequate record-keeping)

Priority 3: Non-regulatory findings (best management practices)

In 2001 and 2002, five of Xanterra's 11 national park operations were audited under this program. To date, the company has had no Priority 1 compliance violations in any of its audits. On average, the company has had 11 Priority 2 findings per operation. The CEAS program includes a comprehensive corrective action and tracking process. Xanterra has worked with appropriate park staff to address issues identified during the audit and track corrective actions. Xanterra corrects and closes out each audit finding by assigned priority date identified in the Final Environmental Audit Report.

Three more audits of Xanterra operations, including Zion, Bryce Canyon, and Yellowstone, are scheduled for late 2003.



Chris Lane
Director of Environmental Affairs

LETTER FROM THE CORPORATE DIRECTOR OF ENVIRONMENTAL AFFAIRS

Corporations and the Environment

Seven years ago, after working in a number of capacities in the environmental field – from energy and natural resource consulting to land use management for the Sierra Club – I took my first job in the tourism industry as Environmental Affairs Director for Aspen Skiing Company.

Environmental issues were highly contentious in the ski industry. At one point, a local icon of the western environmental movement, Dottie Fox, asked me pointedly, “How can you sleep at night knowing you work for such an environmentally impactful corporation?” She automatically labeled corporations “environmental bad guys.”

In a sense, she was right. Doing business in the 21st century is definitely an energy-intensive endeavor that gulps down natural resources.

Renowned environmentalist Paul Hawken notes, “Business, in the process of trying to fulfill the needs of the more than six billion people on the planet, is stripping the Earth of its biotic capacity to produce life.” Whether it is clear-cutting of forests, degradation of water or air quality, loss of topsoil, global warming or extinction of species, the fact is that loss of ecological resources is derived largely from wasteful economic activity.

Fully 50 percent of the top 100 economic entities on the planet – which only a few decades ago used to be national governments – are now corporations. As the world’s dominant institutions, corporations must squarely address environmental problems. Ultimately, the Earth’s well-being, as well as our own, depends on it.

So in another sense, Dottie missed the mark. While corporations affect our global environment, they also have the ability to repair and improve it. Businesses will need to integrate economic, ecologic and human systems.

This is the paradox we face as a human race – and, at Xanterra, as a company trying to lead the way.

For me, this doesn’t mean chaining myself to a bulldozer, kissing wildlife or hugging a tree. It means helping Xanterra Parks & Resorts find a balance between its business activities and the natural environment.

And that means making tangible and measurable changes in how we do business: powering our facilities using more renewable energy; heating, cooling, and lighting our buildings with more efficient technologies; transporting our guests with less-polluting vehicles; selling and using more sustainable products; and maybe foremost, serving our guests while creating less waste in the process.

This, our first sustainability report, is our attempt to take stock of what we’ve done and squarely face where we need improvement. The result is a realistic understanding of how far we still need to go on the never-ending road toward sustainability.

I hope you will join us on this journey.

Chris Lane
Director of Environmental Affairs

AWARDS & HONORS

2003

State of Arizona Governor's Tourism Award

Arizona Preservation Award

South Rim of the Grand Canyon, Xanterra Parks & Resorts

National Park Service

Environmental Achievement Award Honorable Mention

Xanterra Parks & Resorts Company-wide Environmental Programs

2002

Department of Interior

Environmental Achievement Award

Death Valley Sustainability Committee

Environmental Protection Agency (Region Nine)

Superior Environmental Performance Award for Business

Death Valley and Grand Canyon National Parks

Department of the Interior

Environmental Achievement Award Honorable Mention

Company-wide Pollution Prevention, Waste Management and Energy Efficiency

New York State

Energy Smart Small Commercial Lighting Award

Commitment to Effective Energy-Efficient Lighting

Gideon Putnam Resort and Conference Center

2001

Department of the Interior

Environmental Achievement Award

Pollution Prevention, Energy Conservation and Waste Reduction

Mount Rushmore National Memorial, Yellowstone, Zion and

Grand Canyon National Parks

Travel Industry Association

Odyssey Award for Environmental Performance

Company-wide Pollution Prevention, Recycling, Environmentally Preferable Purchasing, Environmental Management Systems and Educational Outreach


Environmental Protection Magazine

Facility of the Year Honorable Mention


Grand Canyon National Park

"Unless someone like you cares a whole lot, nothing is going to get better. It's not."

From Dr. Seuss' The Lorax



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ENVIRONMENTAL BENEFITS STATEMENT



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14001 East Iliff Avenue
Suite 600
Aurora, CO 80014
303-338-6000
www.xanterra.com

For more information about Xanterra Parks & Resorts, visit www.xanterra.com.
Additional reports can be requested by calling Xanterra's Environmental Affairs department at 303-338-2660.